

CHAPTER NO. 93

SENATE BILL NO. 195

By Atchley, Burks

Substituted for: House Bill No. 465

By Overbey

AN ACT to amend Tennessee Code Annotated, Section 6-51-111, relative to the compensation to be paid by an annexing municipality to an affected instrumentality of the state of Tennessee for the public functions, rights, duties, property, and customers of the affected instrumentality conveyed to the annexing municipality when the annexing municipality chooses to provide utility services in annexed territory.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 6-51-111, is amended by deleting subsection (e) in its entirety, and by substituting instead the following language:

(e) If at the time of annexation, the annexed territory is being provided with utility service by a municipal utility system or other state instrumentality, including but not limited to, a utility district, the annexing municipality shall, by delivering written notice of its election to the municipal utility system or other state instrumentality, have the right to purchase all or any part of the utility system of the municipal utility system or other state instrumentality then providing utility service to the area being annexed that the annexing municipality has elected to serve under this section. The purchase price shall be a price agreed upon by the parties for the properties comprising the utility system, or part thereof, that is being acquired and payment of such purchase price shall be on terms agreed to by the parties. In the event the parties cannot agree on a purchase price, then a final determination of the fair market value of the properties being acquired and all other outstanding issues related to the provision of utility services in the annexed area shall be made using the arbitration provisions of subsection (b), provided that the arbitrator or arbitrators shall be a person or persons experienced and qualified to value public utility properties and any such arbitrator or arbitrators shall be agreed upon by the parties. If the parties cannot agree, the selection of an arbitrator shall be as otherwise provided by the laws of arbitration of the state of Tennessee. Such method and determination shall be the sole means by which the annexing municipality may acquire the facilities of a municipal utility or other state instrumentality located in the annexed territory.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: April 21, 2003



JOHN S. WILDER
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 7th day of May 2003



PHIL BREDESEN, GOVERNOR